

AMENDED IN SENATE MAY 31, 2005

AMENDED IN SENATE MAY 23, 2005

AMENDED IN SENATE APRIL 27, 2005

AMENDED IN SENATE APRIL 11, 2005

SENATE BILL

No. 1037

Introduced by Senator Kehoe

February 22, 2005

An act to repeal Section 399.4 of, and to add Sections 454.55, ~~454.6~~ 454.56, 1002.3, and 9615 to, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1037, as amended, Kehoe. Energy efficiency.

(1) The Warren-Alquist State Energy Resources Conservation and Development Act establishes the State Energy Resources Conservation and Development Commission (Energy Commission) and requires it to certify sufficient sites and related facilities that are required to provide a supply of electricity sufficient to accommodate projected demand for power statewide. Under that act, the Energy Commission also administers existing law with respect to energy conservation and renewable electricity generation sources.

Existing law authorizes the Public Utilities Commission to regulate public utilities, including electrical and gas corporations. The Public Utilities Act requires the commission to review and adopt a procurement plan for each electrical corporation. The act prohibits any electrical corporation from beginning the construction of, among other things, a line, plant, or system, or of any extension thereof, without having first obtained from the commission a certificate that the present

or future public convenience and necessity require or will require that construction. Under existing law, a person is guilty of a crime for failing to comply with provisions of the act, or with an order or decision of the commission.

This bill would require the commission, *in consultation with the Energy Commission, to establish electricity efficiency savings targets based on an evaluation of all potentially achievable cost-effective savings and* to require an electrical corporation, in implementing its procurement plan, to first acquire all available energy efficiency and demand reduction resources that are cost effective, *reliable*, and feasible, ~~as in meeting or exceeding the savings targets determined by the commission.~~

The bill would require the commission, *in consultation with the Energy Commission, to establish natural gas efficiency savings targets based on an evaluation of all potentially achievable cost-effective savings and* to require each gas corporation, in procuring energy for long-term needs, to first acquire all available energy efficiency and demand reduction resources that are cost effective, *reliable*, and feasible, *in meeting or exceeding the savings targets determined by the commission.* ~~The bill would require the commission, in consultation with the Energy Commission, to establish savings targets based on an evaluation of all achievable cost-effective savings potential.~~

The bill would require the commission, in considering an application for a certificate of public convenience and necessity for an electric transmission ~~or distribution~~ facility, to consider all cost-effective alternatives to transmission ~~and distribution~~ facilities that meet the need for an efficient, reliable, and affordable supply of electricity, including specified demand reduction resources.

The bill, by requiring the commission to impose new requirements on electrical and gas corporations, the violation of which would be a crime, would create new crimes, thereby imposing a state-mandated local program.

(2) Existing law relating to electrical restructuring imposes certain requirements on local publicly owned electric utilities.

This bill would require each local publicly owned electric utility, in procuring energy ~~for long-term needs~~, to first acquire all available energy efficiency and demand reduction resources that are cost effective, *reliable*, and feasible. The bill would require each local publicly owned electric utility to report annually to its customers *and*

to the Energy Commission, its investment on energy efficiency and demand reduction programs. The bill, by imposing new requirements on local publicly owned electric utilities, would impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that with regard to certain mandates no reimbursement is required by this act for a specified reason.

With regard to any other mandates, this bill would provide that, if the Commission on State Mandates determines that the bill contains costs so mandated by the state, reimbursement for those costs shall be made pursuant to the statutory provisions noted above.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 399.4 of the Public Utilities Code, as
2 added by Section 4 of Chapter 1050 of the Statutes of 2000, is
3 repealed.

4 SEC. 2. Section 454.55 is added to the Public Utilities Code,
5 immediately following Section 454.5, to read:

6 454.55. *The commission, in consultation with the State*
7 *Energy Resources Conservation and Development Commission,*
8 *shall establish electricity efficiency savings targets based on an*
9 *evaluation of all potentially achievable cost-effective savings.*
10 The commission shall require an electrical corporation, in
11 implementing its procurement plan pursuant to Section 454.5, to
12 first acquire all available energy efficiency and demand reduction
13 resources that are cost effective, *reliable*, and feasible, ~~as in~~
14 *meeting or exceeding the savings targets* determined by the
15 commission.

16 SEC. 3. Section ~~454.6~~ 454.56 is added to the Public Utilities
17 Code, to read:

18 ~~454.6.—~~

19 454.56. *The commission, in consultation with the State*
20 *Energy Resources Conservation and Development Commission,*
21 *shall establish natural gas efficiency savings targets based on an*

1 *evaluation of all potentially achievable cost-effective savings.*
2 The commission shall require each gas corporation, in procuring
3 ~~energy for long-term needs~~, to first acquire all available energy
4 efficiency and demand reduction resources that are cost effective
5 ~~and feasible. The commission, in consultation with the State~~
6 ~~Energy Resources Conservation and Development Commission,~~
7 ~~shall establish savings targets based on an evaluation of all~~
8 ~~achievable cost-effective savings potential, reliable, and~~
9 ~~feasible, in meeting or exceeding the savings targets determined~~
10 ~~by the commission.~~

11 SEC. 4. Section 1002.3 is added to the Public Utilities Code,
12 to read:

13 1002.3. In considering an application for a certificate for an
14 electric transmission ~~or distribution~~ facility pursuant to Section
15 1001, the commission shall consider all cost-effective
16 alternatives to transmission ~~and distribution~~ facilities that meet
17 the need for an efficient, reliable, and affordable supply of
18 electricity, including, but not limited to, demand-side alternatives
19 such as targeted energy efficiency, ultraclean distributed
20 generation, as defined in Section 353.2, and other demand
21 reduction resources.

22 SEC. 5. Section 9615 is added to the Public Utilities Code, to
23 read:

24 9615. (a) Each local publicly owned electric utility, in
25 procuring energy ~~for long-term needs~~, shall first acquire all
26 available energy efficiency and demand reduction resources that
27 are cost effective, *reliable*, and feasible.

28 (b) Each local publicly owned electric utility shall report
29 annually to its customers *and to the State Energy Resources*
30 *Conservation and Development Commission*, its investment in
31 energy efficiency and demand reduction programs. A report shall
32 contain a description of programs, expenditures, and expected
33 and actual energy savings results.

34 SEC. 6. No reimbursement is required by this act pursuant to
35 Section 6 of Article XIII B of the California Constitution for
36 certain costs that may be incurred by a local agency or school
37 district because, in that regard, this act creates a new crime or
38 infraction, eliminates a crime or infraction, or changes the
39 penalty for a crime or infraction, within the meaning of Section
40 17556 of the Government Code, or changes the definition of a

1 crime within the meaning of Section 6 of Article XIII B of the
2 California Constitution.

3 However, if the Commission on State Mandates determines
4 that this act contains other costs mandated by the state,
5 reimbursement to local agencies and school districts for those
6 costs shall be made pursuant to Part 7 (commencing with Section
7 17500) of Division 4 of Title 2 of the Government Code.

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